Minutes annual general meeting

NN Group N.V.

24 May 2024

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Agenda

Agenda item 1
Opening

Mr David Cole, Chair of the Supervisory Board of NN Group N.V. (also referred to as the 'Company'), acts as Chair of the meeting.

The Chair welcomes the shareholders to the annual general meeting (AGM) of NN Group, which is a hybrid event broadcasted from NN's office in The Hague.

The Chair introduces the members of the Management Board and Supervisory Board who are present on the podium: Ms Pauline van der Meer Mohr, Vice-Chair of the Supervisory Board and Chair of the Supervisory Board's Nomination, Remuneration and Governance Committee; Mr David Knibbe, CEO of NN Group; and Ms Annemiek van Melick, CFO of NN Group.

The Chair also introduces Mr Robert Jenkins, member of the Supervisory Board nominated for reappointment; and Ms Janet Stuijt, company secretary and member of the Management Board, as general counsel.

The Chair introduces three other guests: Mr Dick Korf, external auditor representing KPMG; Ms Manon Cremers, civil law notary at Stibbe, whose role is to cast all votes on the basis of the electronic proxies with voting instructions granted to her; and lastly, Mr Koos Timmermans, who has been nominated for appointment to the Supervisory Board.

The Chair also extends a special welcome to the representatives of NN Group's Central Works Council: Mr Jaap Engberts, Chair of the Central Works Council, and Mr Derrick Stomp.

The Chair states that the meeting will be conducted in English. Dutch headsets are available, and the webcast will be available in both English and Dutch, so participants can listen to the meeting in their preferred language.

The Chair confirms that the shareholders have been convened in accordance with the applicable law and the Company's articles of association. The General Meeting is thus able to validly adopt resolutions. No shareholders have submitted proposals to be included on the agenda.

At the record date, 26 April 2024, the issued share capital consisted of 285,000,000 ordinary shares. At that date, 11,864,297 ordinary shares were held by NN Group itself, so no votes can be cast on those shares. Altogether, 273,135,703 votes are eligible for casting. The present and represented share capital will be announced prior to the first voting item.

The entire meeting will be recorded, in order to be able to draw up the minutes to the meeting.

The Chair elaborates on the procedure and order of the meeting: shareholders were given the opportunity to submit questions on agenda items in advance of the meeting, but no such questions have been received. All shareholders present may also ask questions during the meeting by making their way to one of the microphones. Shareholders with questions are asked to first state their name and the organisation they represent – if any – so these can be included in the meeting minutes.

Some of the voting items will be briefly summarised; an extensive explanation of these items is included in the convocation letter. The proposals that will be put to a vote regard the full proposals, as included in the convocation letter. Votes may be cast at any time during the meeting, until the end of the last voting item on the agenda – item 13. Voting results will only be shown at the end of the meeting.

For reasons of efficiency, some agenda items have been combined. After an initial explanation of each of the agenda items, shareholders can ask questions on any of those agenda items.

Shareholders who are present in person and who have received a mobile voting device are requested to keep this device with them at all times and only hand it in upon departure. Instructions for the use of the mobile voting device or voting on a personal device are included in the presentation.

Shareholders are asked not to take photos, video recordings and audio recordings during this meeting, and to put their phone on silent mode.

The Chair closes agenda item 1 and moves to agenda item 2.

Agenda item 2
2023 Annual Report

The Chair refers to the 2023 annual report and hands the floor to Mr David Knibbe, CEO of NN Group, to elaborate on the progress made on the Company's strategy as well as its plans to address climate change, its net-zero ambitions for 2050, intermediate targets and the progress made in 2023. Ms Annemiek van Melick, CFO of NN Group, will then look back on the financial results in 2023. The adoption of the annual accounts for the 2023 financial year will be addressed specifically as a voting item in item 5.A.

These speeches have been recorded here in their original form.

Mr Knibbe: 'Thank you, Dave. Good morning everyone and welcome to NN Group. Thanks for attending today's shareholder meeting here in The Hague, either personally or virtually. It is good to see you all here.

'I will start with a short recap of the year and share with you the major achievements and challenges. Our CFO, Annemiek van Melick, will then explain how this resulted in our strong financial performance in 2023 and then I will close with some final remarks.

'In 2023, we saw continued macroeconomic and geopolitical uncertainties, driven in part by the ongoing war in Ukraine and the Hamas-Israel conflict. These uncertainties continue to impact the lives of many. In this environment, the insurance industry has an important role to play. It is our role to help safeguard the financial stability of households and companies by insuring their risks. I am pleased to see that we fulfilled this role well in 2023, especially during the moments when it matters most: during illness, retirement, or when a storm damages a home. It reflects the strength of our business model and that we can deal with high levels of uncertainty.

'Now, let's focus on our performance in 2023. Overall, we continued to make good progress on our strategy, focused on customers, our people, and contribution to society. So, let me share some examples.

'On customers: our customer satisfaction scores improved substantially. We saw underlying improvements in our Dutch business, but also in our international businesses, which for the first time scored an above-market average Net Promoter Score. It shows that our efforts in customer engagement and digitalisation are starting to bear fruit. Let me give you a few examples. In our European insurance business, we continue to see an increase in demand for protection products. We are well-positioned to play an important role in the Dutch pension market following the pension reform. We started preparations early. At the beginning of 2024, the first contracts were concluded and administered. To further improve the customer experience and increase operational efficiencies, we are deploying generative artificial intelligence in our call centres. We are also looking at other AI applications across our business – for example, in claims handling.

'On people: in this tight labour market, being an employer of choice is important and something we take very seriously. That is why we are pleased to see the engagement of our people remains high with a score of 7.8. We also reported 40% women in our senior leadership positions, underscoring our efforts in diversity and inclusion. In light of rapid technological developments, it is also important that our skills match our strategic needs. Across our markets, we are stepping up efforts to prepare our workforce for the rapidly evolving technological developments. For example, we started a programme for senior management to build the data and digital capabilities required for the future. The programme will be further rolled out in the coming years for the wider workforce.

'On our contribution to society: supporting our communities is an important pillar of our strategy. In 2023, we reached our target to contribute 1% of our operating result before tax to our communities. Going forward, we will keep investing in our communities and aim to support the financial, physical and mental well-being of one million people by 2025.

'Looking at our impact on the environment, we took some important steps in our climate ambition with new targets and investments. We have had a climate action plan since 2022, which describes how we aim to reduce greenhouse gas emissions to net-zero in our operations by 2040, and in our proprietary investment and insurance underwriting by 2050. In July 2023, we published an update of the plan with additional measures, such as a further tightening of our stance on proprietary investments in the oil and gas sector to also include conventional oil and gas activities. We also announced our first interim net-zero targets for our residential mortgages and insurance underwriting portfolios.

‘Next to these long-term goals, we are taking actions with a shorter timeline. On the investment side, we have invested a total of EUR 10.8 billion in climate solutions, such as certified green buildings and renewable energy. We also reported a 10% reduction of our greenhouse gas emissions in our corporate investment portfolio, moving us towards our goal of a 25% reduction by 2025 versus the 2021 levels. On the insurance side, our Dutch Non-life business increasingly focuses on offering sustainable damage repair to our customers.

‘The world is clearly not on track to meet the targets of the Paris Agreement, so it is understandable that companies receive questions on their plans and targets. Of course, collaboration with peers, other industries and governments remains crucial, as we can only address climate change together.

‘Also at the start of the year, we announced a major milestone of the final settlement with interest groups on unit-linked insurance products. This settlement was an important result for everyone involved in this long-standing issue – primarily for our customers but also for other stakeholders, including shareholders. We have taken the criticism that certain products did not meet our customers’ expectations seriously. With this settlement, we provide clarity to our customers, and we can finally resolve this issue. We recognised the provision of approximately EUR 360 million in the fourth quarter of 2023, which included EUR 60 million for hardship cases and customers unaffiliated with one of the interest groups who have not previously received compensation. In addition, approximately EUR 20 million is available for these customers through the remainder of the provision recognised as part of the 2008 settlement.

‘Overall, we reported good progress, which led to a strong commercial and financial performance.’ Mr Knibbe hands the floor to Ms Annemiek van Melick, NN Group’s Chief Financial Officer.

Ms Van Melick: ‘Thank you, David. Let me take you through the highlights of the financial results in 2023.

‘First of all, let’s have a look at the business performance and how that translated into operating capital generation (OCG). This metric is a proxy for the operating capital our underlying business generated – i.e., for instance the capital generated by investment result, based on long-term investment assumptions and by our actual underwriting result. This business performance has been strong with our 2023 OCG coming in at EUR 1.9 billion for the full year, up 13% versus 2022 on a like-for-like basis, and already above our 2025 target of EUR 1.8 billion. Within this result, we really appreciate the strong performance of the Netherlands Non-life, NN Bank and the continued growth we see in Insurance Europe. It also adds to the further diversification of NN Group.

‘In line with the increased OCG, we also see an increase in free cash flow, which resulted in EUR 1.4 billion, as you can also see on the slide. I would further like to highlight our solid balance sheet with a reported solvency ratio of 197%, despite the negative impact of elevated mortgage margins we experienced at the end of 2023.

‘We are satisfied with the improved quality of our solvency ratio. Due to the higher interest rates, we are less dependent on the benefit of the so-called Ultimate Forward Rate (UFR). We have reduced our longevity risks by executing two attractively priced longevity transactions, and we have reduced our risk towards interest rates steepening. The removal of the uncertainty around the unit-linked impact due to the settlement David just alluded to, also improved the quality of our solvency.

‘Now, swapping from the solvency-related metrics like OCG and the solvency ratio itself towards the IFRS metrics, operating result and net result. This annual report is the first report we published under the new accounting standards, the new IFRS 17 and 9 accounting standards. As already indicated last year, IFRS 17 will not impact our main targets, which are operating cash flow generation and free cash flow, nor will it impact our capital return. It is, however, good to note that we observed the robust momentum displayed in our OCG, the Solvency II based metric, as well as in our operating result, the IFRS metric. Our net result decreased compared with 2022. This was driven by the EUR 1.1 billion gain from the sale of NN IP that was included in the 2022 full-year result. The net result has increased if you would exclude that, mainly driven by financial markets having a less adverse impact compared with last year.

‘Based on the strong business performance and the resilient balance sheet in 2023, we have enhanced our proposition for investors. Firstly, we increased our OCG target for 2025 from EUR 1.8 billion to EUR 1.9 billion. Our strong OCG in 2023 included a particularly favourable business environment in some segments, and it also benefited from benign weather in our Non-life business. This basically means we did not see a lot of large storms or flooding. Whilst we do expect this to return to normalised levels, we also expect the underlying growth to continue, and hence we feel comfortable in raising our OCG target to EUR 1.9 billion.

'The key drivers for the EUR 100 million upgrade in OCG are:

1. The continued underlying strong performance around the Non-life business, which we expect to outperform on its original target that we set two years ago; and
2. The sustained strong delivery of NN Bank where OCG has benefitted from both higher net interest income and lower new business strain.

'Secondly, if you would look at our robust balance sheet and the strong business performance combined, these have also further increased our confidence in free cash flow generation. As such, we introduced an explicit free cash flow target for 2025 of EUR 1.6 billion, which is roughly EUR 100 million higher than the implicit guidance we gave at our investor day in 2022. This reflects higher remittances from Netherlands Non-life, from NN Bank, and the continuation of growing remittances out of Insurance Europe. So it is now an explicit target. It is at a higher level and it is more diversified in nature.

'Based on these developments and our strong commitment to deliver a sustainable return to shareholders, we return this additional EUR 100 million of free cash flow to you, our shareholders. We do so by raising the dividend per share over 2023 by 15% versus 2022, resulting in a total dividend of EUR 3.20 per share, and by increasing our recurring annual buyback from EUR 250 million to EUR 300 million.

'We will continue to focus on capital return within our shareholder proposition. If NN Group's solvency ratio is sustainably above 200%, we will consider additional shareholder returns unless used for other value-creating opportunities.

'We have consistently delivered on these capital return promises, as evidenced by our track record since the IPO in 2014. We have returned over EUR 10 billion to our shareholders since then. With the just explained step-up in capital return, we show our commitment to continue to do so.

'Going forward, our normal capital return policy applies from the higher base we announced. The absolute amount available for dividend should grow in line with our long-term free cash flow ambition of mid-single digit. The effect of the minimum annual share buyback of EUR 300 million works as an additive feature to the dividend per share trajectory. Together, this should result in a dividend per share growth of approximately 8% per annum.

'Excess capital will be returned to shareholders unless it can be used for value-creating opportunities like we have done in the past. For instance, by using the gain from the sale of NN IP, our asset management business, which was partly used to fund the acquisitions of MetLife in Poland and Greece and the acquisition of Heinenoord in the Netherlands, and partly used to return excess capital to shareholders via an additional share buyback.'

Ms Van Melick then hands the floor back to Mr Knibbe to wrap up.

Mr Knibbe: 'Thank you, Annemiek, and let me close off. It is our ambition to be an industry leader known for customer engagement, talented people, and contribution to society. We have made significant progress since the launch of our strategy in 2020, and created a strong foundation for long-term sustainable growth. At the same time, there are areas where we need to step up. We will put even more emphasis on further improving the digital customer experience and increasing operational efficiencies with the aim to grow our business and stay financially healthy in the future. As I said, climate remains high on our agenda for the short and long term, with clear targets, but also clear execution and results.

'Ultimately, it is our purpose to help people care for what matters most to them and support them in their financial well-being. By investing the insurance premiums from our policyholders with a long-term horizon, we play an important role in society and the economy, something we take very seriously and it is deeply rooted in our values and culture.

'In closing, I want to thank you – our shareholders – for your continued trust in NN. Thank you for joining us today and we look forward to a good dialogue during this meeting, but also in the year ahead.'

The Chair thanks Mr Knibbe and Ms Van Melick and opens the floor to questions from shareholders in attendance. The Chair reminds speakers to state their name and the organisation they represent (if any) at one of the microphones.

The first question comes from Mr Gillian Gailliaert, representing PGGM and some Eumedion members, on NN Group's climate strategy. He asks the CEO whether he can give a preview of the climate action plan, which will be updated later this year. He asks whether more insurance-related reduction targets can be expected – for example, for motor vehicles or other categories.

Mr Knibbe questions whether there are any additional targets that NN can set, and if it's realistic to assume these targets can be achieved. He emphasises that 2025 and 2030 are approaching very soon, and that it's important to deliver on these targets. In terms of additional targets, he mentions that NN will set targets on biodiversity in 2024. But he notes it will be a combination of setting targets with focusing on execution.

Mr Gaillard asks whether the targets on biodiversity will cover the investment portfolio.

Mr Knibbe says that biodiversity is a very important topic that is becoming more and more pressing. He notes that biodiversity is not as developed as some of the carbon methodologies in terms of how to measure it. This causes debate, but good examples are starting to be seen. If NN is involved in real estate, new buildings/construction or infrastructure, we discuss what it means for the ecosystem around it and for biodiversity. In the past, NN signed the Finance for Biodiversity Pledge and published a white paper at the beginning of this year, but there will be concrete targets later this year as well. NN will report on the results against these in 2025.

The next three questions come from Ms Kits van Heijningen, representing VBDO, based on the dialogue prior to the AGM. The first relates to the Corporate Sustainability Reporting Directive (CSRD), a major project for all companies: she asks to what extent NN expects to be compliant with this in 2025 and what some of the remaining challenges are.

The second question relates to biodiversity. She references the white paper's ambitious goals to contribute to halting and reversing the loss of biodiversity. She asks how NN will translate these ambitious goals into implementation, and whether Mr Knibbe can give some examples of concrete measures that NN is taking to contribute to this goal.

The third question relates to stakeholder engagement and lobbying. The recently published policy on stakeholder engagement stated that NN is very vocal about important upcoming legislative issues. She asks whether NN monitors the positions of industry associations and trade organisations on the relevant legislative issues.

Mr Knibbe answers all three questions. He confirms that CSRD is new legislation that NN will report on in March 2025 in a 'compliant annual report'. The legislation allows for certain data points to be phased in over time. NN will make use of this because, in some cases, the legislation is clear but translating it for insurance takes more time. Insurance is a specialised field, and the regulation is not entirely geared towards it, so making the calculations is a work in progress. But the report will be in line with the regulation, he confirms. Mr Knibbe says he is pleased that more objective measures are being introduced, so it will be easier to compare companies on what they are actually doing.

Mr Knibbe then moves on to giving examples relating to biodiversity. NN joined the Ceres' Valuing Water Finance Initiative to talk to companies that use a lot of water in their production facilities on how to reduce the usage of water. For infrastructure projects, NN can take into account not just the carbon footprint but also biodiversity when financing or investing in these types of projects.

Mr Knibbe then moves on to the question about stakeholders. NN is an active member of the Verbond van Verzekeraars, the Dutch Insurance Association and employer organisation VNO-NCW. Mr Tjeerd Bosklopper, member of the NN Group Management Board, is Chair of this association and Mr Knibbe himself is active on the board of VNO-NCW. He notes interests are often well aligned with those of the industry associations, but that NN also publishes its own reports and policies.

The next three questions come from Mr Tse, a retail shareholder. The first relates to the chapters on the business segments in the annual report: compared with previous years, the amount of page space per business segment has been reduced to key figures only, without any analysis of the results. He questions why there is so little information in NN's 2023 annual report.

His second question relates to Japan Life. He notes that the value of new business has decreased from EUR 148 million to EUR 136 million and new sales have dropped, mainly driven by lower sales of cash value in insurance products following a business improvement order from the local regulator. He asks Mr Knibbe to elaborate on that business improvement order.

His third question relates to car insurance and recent media coverage that claims are higher because of higher wages and because cars increasingly contain more expensive electronics. He informs on the situation at NN, and how big the car insurance segment is in Netherlands Non-life.

Mr Knibbe answers the question regarding Japan Life, citing a business improvement order from the Japanese regulator. He notes that this is not a ban on sales, but it does mean that the regulator feels that a number of things need to be improved – a phenomenon that is quite common in the Japanese market. Many agents, distributors, brokers or banks are more reluctant to sell these products pending a business improvement order, which has led to a drop in sales. Mr Knibbe does not expect sales to increase again until the business improvement order has been lifted – but the timeline depends on the Japanese regulator. The expectation is that we do not expect this to be lifted this year. While this is quite common in the Japanese market, NN is making every effort to resolve it.

Regarding the question about car insurance, Mr Knibbe agrees that this has featured a lot in the news. Inflation is an issue: wages are increasing, as are repair costs. In the past, replacing a mirror, for example, was simple and inexpensive. But now such parts are filled with electronics and sensors, so all repairs are more expensive. Electric cars involve other issues. And liabilities ensuing from claims all add up. However, NN had anticipated this and did not increase the premium in one go but in small steps over a long period of time so that clients can absorb these price increases. It is not a loss-incurring portfolio, but car insurance is always a tough segment and NN is relatively smaller vis-à-vis the market. It is not the most important portfolio because NN is larger in home insurance, but it needs to be continually monitored.

Ms Van Melick answers the question about NN's annual report, saying that it is about trying to find a balance between being transparent and putting things into context. She notes that past feedback on the annual report and press release was that there was a lot of repetition. The decision was therefore taken to highlight the most important factors and not to repeat things. Some explanations are also quite obvious: premiums have increased because costs have increased, for example. The ratio does not need to be explained. This was therefore replaced with information about the organisation in order to paint a clearer picture of the underlying businesses. Ms Van Melick refers Mr Tse to her Investor Relations colleagues for any specific questions about the segments.

The next question comes from Mr Faber, a retail shareholder, regarding Bitcoin. He asks whether NN's Board is looking for opportunities in Bitcoin.

Mr Knibbe answers that NN is not looking at Bitcoin as an investment category currently. NN has a strategic asset allocation, looking at the risk profile of the business. A lot of it is in financial instruments, meaning bonds and fixed income instruments, while equity exposure is very limited. NN does not have an allocation in Bitcoin at the moment, and it is not expected in the near term either.

The next six questions come from Mr Keyner, representing VEB, who compliments NN on an excellent year. The first question relates to NN Non-life. He asks what kind of impact NN expects in the Non-life portfolio as far as profitability is concerned, if climate and the weather are becoming more and more volatile. He asks to what degree NN can compensate for this by increasing premiums, or to what degree the business is becoming uninsurable.

Mr Keyner's second question relates to the figure stated in the annual report that employees are working 1.4 days per week at the office on average – remarking that this is a big gap from 4–5 days per week. He asks how NN ensures that this decrease in office hours does not come at the price of teamwork and innovation (especially two or five years later). He also notes the redundancy of office space, and asks whether this presents an opportunity to decrease costs by selling some buildings.

His third question relates to NN's decision to restrict investments in companies that have an exposure of more than 30% in the oil and gas business. He asks to what degree this decision could impact, or be at the expense of, NN's customers or their pensions.

Mr Keyner then refers to the backlash against the sustainability movement – especially in the US. He asks how NN remains an attractive investment opportunity for US institutional investors, who to some degree are fed up with environmental, social and governance (ESG) developments.

He then refers to some attractive transactions by NN involving longevity, which freed up a lot of capital. He asks whether there is more low-hanging fruit on NN's balance sheet: removing risks, freeing up capital and using it to increase dividends or share buyback, or to buy up more interesting business.

Mr Keyner mentions a newspaper article reporting that NN lost ING as a distribution channel for some of its smaller-sized businesses. He asks why this happened and what the medium- or long-term financial impact of this loss might be.

Mr Keyner's last question relates to customer satisfaction, noting that at least three of NN's business units are ranking below target and below market average. But the annual report indicates the expectation that all businesses are on track to score above market average in 2025. He asks Mr Knibbe to explain the basis for this optimism.

Mr Knibbe begins with the first question: the challenge of climate risk on Non-life. He explains that NN's pricing has so far taken into account more storms and volatile weather. But he agrees there are increasing concerns around insurability. Flood risk is one example, with bad floods across Europe like those seen in Germany, Belgium and the south of the Netherlands a few years ago. He says that flood risk cannot be fully carried by the insurance sector. NN is proactively talking with the government about how to combine the current government coverage – if one of the main waterways were to flood, it would be covered by the government – and insurance companies, so that customers do not need to worry about this. Claims handling will take place, customers will be helped, and NN will sort out who is paying for what with the government. While these conversations have been very positive, the new coalition is required to restart the dialogue. Mr Knibbe notes that there is no insurability issue currently, but if climate change continues to impact the business, NN will need to take some forward-looking steps in dealing with flood risk. These initiatives are ongoing to make sure that customers can continue to depend on NN for protection in the future.

Mr Knibbe then moves on to employee engagement, noting the target that was launched on employee engagement in 2020 and why this is so important in a very tight labour market. He estimates that by now the figure is around two days in the office per week for employees. Regarding the concern about innovation and teamwork, he notes that individual work is often done at home, and that instead employees come to the office to meet with their team and to work on innovative projects. There is also a clear plus: there is less traffic density, and people do not have to spend hours in the car or on public transport. Forcing people to come to the office five days a week is likely to have an adverse effect in the current labour market. A lot of people like the balance between working in teams and working from home. That combination helps NN to retain talent, and this is the new reality. He agrees the impact on offices is large, and notes the measures that NN has already taken, including in Rotterdam. The building in which the AGM is taking place used to be entirely occupied by NN, but it already occupies a lot less space and its offices are slowly shifting to the other side of the building. However, even before the pandemic, NN had only 0.6 desks per person due to holidays, working from home, team spaces and so on. The construction of buildings is also changing: partly because of sustainability, but partly because there are fewer individual desks and more meeting spaces where people can work collaboratively.

Mr Knibbe then moves on to the question about oil and gas, noting NN's goal is to invest in so-called 'frontrunners'. An oil and gas company would not necessarily be excluded, but they would need to commit not only to the 2050 Paris Agreement target but also to have interim targets for 2025 and 2030, with credible plans. While this is a complex, nuanced topic, the overall point is investing in frontrunners that have a credible plan to reach net-zero instead of a blanket exclusion of an entire sector. He compares the potential loss of returns with NN's exclusion of the tobacco industry: if the tobacco sector performed very well in a certain year, that could have an impact on pensions. Despite having very good investors, it is possible that in a particular year, certain excluded sectors or companies could perform well in the stock market and therefore a little more return could have been generated. Overall, however, customers are happy with the returns they are getting and the investment policy has been successful.

Mr Knibbe moves on to the question about ESG in the US, noting that it is not the case that Europe is pro-ESG and the US is against it. In the US, there are also two schools: one is very supportive of ESG and one is more against it. That is why it is so important that NN has its own clear policy and targets relating to what the Company stands for. Shareholders might support that, or they might say that the Company needs to do more or is doing too much. There has actually been a slight increase in US investors in NN recently, which means this has not led to negative sentiment in the US towards the Company.

In terms of longevity, Mr Knibbe confirms NN has moved EUR 13 billion of longevity risk off the balance sheet and reinsured it with a few other companies. It was a very attractive deal. Whether there will be more such deals to come, Mr Knibbe explains that this will not happen in the short term, but over time it is possible. For example, when the pension book goes more into payment (i.e. there are more pension participants than are actually receiving pensions from NN), there may be more opportunities that are smaller but still attractive.

Regarding ING, Mr Knibbe explains there was a very small SME tender for new business that NN did not win. In the Netherlands, Belgium, Romania, Spain, Poland and Turkey, NN still has good cooperation with ING. However, it is very normal for banks to do requests for proposal (RFPs) every so often and potentially lose a cooperation in a particular country. NN works with a lot of banks, including Piraeus Bank, Moneta and a recent cooperation in the Czech Republic. Overall, the cooperation with ING is going well.

Mr Knibbe ends by answering the question on the Net Promoter Score, noting that significant progress has been made since last year: moving from three countries that were significantly above the market to six. In the Netherlands, the biggest challenge is in the retail market. In the SME market, NN is already above the market. On the three where NN is below, the Q1 results indicate there is reason to believe that some of these will at least be in line with the market – or even above it – by the end of the year. While continuing to see a positive trend, Mr Knibbe agrees that 2025 is not that far away, so the target represents a real challenge.

But the underlying trend is positive and not just on the relationship NPS, but more importantly on the transactional NPS. This measures customer satisfaction on individual transactions: with enough positive transactions, over time the relationship NPS increases. The transactional NPS is moving, and this will translate to the relationship NPS over time.

Mr Keyner thanks Mr Knibbe for his clear answers and clarifies his point about ESG. He recognises that there is a strong ESG movement in the US as well, but that a counter movement has developed in response to this. And that this counter movement is having more impact than hoped. Big oil companies, including in Europe, are slowing down their commitments compared to what they were doing or saying one or two years ago, whether it is BP, Total or Shell. If NN is looking at frontrunners, by definition this means excluding major oil companies. That has a bigger impact on potential investment returns than just excluding tobacco companies. Oil and gas is a very important sector. There is too much left to be invested in when it comes to conventional oil and gas.

Mr Knibbe explains that if some of the major oil companies would not have credible plans for 2050 and 2030 and how they will reach net-zero, NN would not invest in them. This will result in positive returns on some occasions and less positive returns if these companies are performing well. This is a consequence of making the choices that NN stands for: one of those choices is not continuing to support companies as a long-term investor if they do not come up with credible plans. He notes the impact of the weather on Non-life and reiterates the fact that this is the consequence of some of these decisions.

The Chair asks Ms Van Melick if she has anything to add, which she does not. The Chair notes that there are no further questions. He therefore closes agenda item 2 and moves to agenda item 3.

Agenda item 3
Corporate governance

The Chair gives an explanation of NN Group's corporate governance structure as well as its compliance with the updated Dutch Corporate Governance Code ('Code') in the 2023 financial year.

The updated code was published on 20 December 2022 and was embedded in Dutch law as of 1 January 2023 As a result of this, Dutch listed companies must render account of their compliance with the Code in the report of the Management Board for the 2023 financial year. Some of the important focus points in the updated Code include a heightened focus on sustainable long-term value creation, diversity and inclusion, as well as the role of shareholders.

The governance of NN Group was largely already in line with the updated Code provisions, but the Company has reviewed the updated Code to identify the topics that needed further implementation or refinement. As part of the process of implementing such topics, the charters of the Boards have been updated. In addition, new policies were prepared, such as a diversity and inclusion policy for the Boards and senior management, and the stakeholder engagement policy. Both policies are available on NN Group's website.

Since 31 December 2023, NN Group fully complies with the updated Code. For more information, see 'Application of the Dutch Corporate Governance Code by NN Group, Financial Year 2023,' which can be found on NN Group's website.

A description of NN Group's overall corporate governance structure is included in the annual report on pages 95–110. In this context, and as announced during last year's AGM, a change in the Supervisory Board's committee structures took place in 2023. As of 2 June 2023, the Remuneration Committee and the Nomination and Corporate Governance Committee were combined into the Nomination, Remuneration and Governance Committee. Therefore, as of 2 June 2023, the Supervisory Board has established three committees: the Audit Committee, the Risk Committee, and the Nomination, Remuneration, and Governance Committee.

The Chair opens the floor for questions on this agenda item.

The only question comes from Mr Keyner, representing VEB, concerning the position of the CEO Mr Knibbe and the ten additional functions that he is performing. He notes that some are work-related or networking-focused, but others seem more like hobbies. He asks where the CEO finds the time to fulfil all of these functions.

Mr Knibbe responds that there is quite a lot that comes with the job, such as the board position at VNO-NCW. He also tries to have two other outside interests: one relating to society and one to sport. He is part of the Cruyff Foundation for this reason: sport and movement are good for staying healthy, and it is a good cause. He is also part of JINC, which supports children who grow up in areas where it is harder to get to a job. He says that these do not cost that much time, but they are helpful not only to his role at NN but also to being active in other parts of society. Plus, he enjoys them, so they do not feel like work.

Mr Keyner asks Mr Knibbe whether he also plays sports, rather than just talking about them.

Mr Knibbe confirms that he plays more than enough sports, and that his injuries also attest to that.

The Chair thanks Mr Keyner for his question, and reassures him that the level of activities within and outside NN Group are discussed on a regular basis. Mr Knibbe and Mr Cole still find plenty of time to meet, and the CEO is still fully focused on NN.

The Chair continues by stating the present and represented share capital, which amounts to 69.47%. The Chair closes agenda item 3 and moves to agenda item 4.

Agenda item 4
Proposal to give a positive advice on the 2023 Remuneration Report

The Chair refers to the 2023 Remuneration Report on pages 112–124 of NN's 2023 annual report, and hands the floor to Ms Pauline van der Meer Mohr, Chair of the Nomination, Remuneration and Governance Committee of NN Group's Supervisory Board.

Ms Van Der Meer Mohr first mentions the combination of the Supervisory Board's Remuneration Committee and Nomination and Governance Committee into one new single committee called the Nomination, Remuneration and Governance (NRG) Committee as of 2 June 2023. She thanks her Supervisory Board colleagues for their confidence in appointing her as the Chair of the newly combined NRG Committee.

Ms Van Der Meer Mohr then provides some context and background in relation to the Remuneration Report for the year 2023. The NRG Committee engages in regular dialogues with shareholders and other stakeholders. In 2023, an extensive stakeholder engagement took place to discuss the proposed remuneration policies of the Executive Board and the Supervisory Board as well as wider topics relevant for the Remuneration Report. The review process for the remuneration policies will be further discussed under agenda item 9.

During the stakeholder dialogues, the NRG Committee was encouraged to continue to work towards performance objectives for the members of the Executive Board that are more focused, simpler and more measurable. The Supervisory Board took this feedback into serious consideration with the result that in 2024, the number of performance objectives has been reduced and they are more focused and straightforward. Important elements from the previous setup, such as the coverage of strategic commitments, including the sustainability-related objectives, were retained.

The disclosure of the outcomes of the performance objectives of the members of the Executive Board was also discussed with stakeholders, with the result that the level of disclosure in this year's Remuneration Report has increased compared with previous years. The most significant improvement is that the report now presents a brief overview of the Executive Board's remuneration packages, the link between strategy and remuneration, and the outcomes of the financial and strategic performance objectives. Ms Van Der Meer Mohr thanks all stakeholders for their valuable time in providing their views and recommendations, and expresses the intention to continue these dialogues in the future.

Ms Van Der Meer Mohr then moves on to the details of the Remuneration Report, starting with the variable remuneration decisions taken by the Supervisory Board for the members of the Executive Board. The Executive Board's performance was assessed against the performance objectives set by the Supervisory Board in January 2023. Details of the performance assessment for the financial and strategic objectives are provided in the Remuneration Report. The Supervisory Board concluded that the Executive Board continued to deliver strong performance throughout 2023, despite the volatile macroeconomic and geopolitical environment. The members of the Executive Board provided solid leadership and executed NN's strategy consistently, underpinned by an overall robust performance for both the financial and the strategic objectives. The overall outcome on the financial objectives was above target and the overall outcome on the strategic objectives was positive.

Based on the results and the assessment of achievements, the Supervisory Board decided to award Mr Knibbe and Ms Van Melick variable remuneration of 17.3% of their base salary, which corresponds to 108% of target. Further details about the rationale behind these percentages can be found on pages 117–120 of the Remuneration Report.

As part of the regular annual review cycle, the Supervisory Board monitored the salaries of the members of the Executive Board in February 2024. The primary objective of the remuneration policy for the members of the Executive Board is to create sustainable long-term value for all stakeholders, while keeping in mind that NN Group needs to be able to attract and retain highly qualified senior leaders that can steer the Company in a complex internal and external environment. The remuneration of executives and senior staff is frequently benchmarked against relevant national and international peers, both within and outside the financial sector.

The peer group consists of companies that are similar to NN Group in terms of number of employees, revenue, market capitalisation, total assets, as well as international footprint. When determining the peer group for 2024, a fundamental review of the guiding principles took place to ensure that it is future-proof and fit for purpose. In this review, the Supervisory Board was supported by an independent adviser. Based on this review, the Supervisory Board concluded that the guiding principles are still fit for purpose, and that for 2024 only two companies needed to be replaced as their headquarters had moved out of the Netherlands.

In line with the remuneration policy, the Supervisory Board aims to offer an attractive overall package for Executive Board members, while keeping total compensation below median market level. During this annual review cycle, the Supervisory Board performed an assessment of the Executive Board's remuneration, taking into account the results of the benchmark analyses as performed by the independent adviser, as well as the internal pay relativities and the interests and opinions of stakeholders. Input was obtained from various stakeholders and consideration was given to the relevant remuneration developments both within and outside NN Group.

The Supervisory Board concluded that the members of the Executive Board have consistently shown strong leadership and performance. NN has shown good progress in implementing its strategy and achieving strong commercial, financial and strategic performance under the leadership of the Executive Board. This has laid a strong foundation for long-term growth and sustainable value creation for all stakeholders.

In view of this, after a balanced and thorough assessment, the Supervisory Board has decided to increase the base salary of the members of the Executive board by 9% with effect from 1 June 2024. For Ms Van Melick, CFO, this is her first salary increase since she joined in July 2022. For Mr Knibbe, this is the second increase since his initial appointment as CEO and Chair of the Executive Board in 2019. Even after the announced increase, the remuneration package of the Executive Board continues to be positioned below the market median and in line with the requirements of the Executive Board remuneration policy.

Ms Van Der Meer Mohr thanks shareholders and hands the floor back to the Chair.

The Chair thanks Ms Van Der Meer Mohr and asks if there are any questions. He reminds shareholders that voting on this item is open until the end of the meeting. He establishes that there are no questions before closing agenda item 4 and moving to agenda item 5.
there are no questions before closing agenda item 4 and moving to agenda item 5.

Agenda item 5
2023 annual accounts

5.A. Proposal to adopt the annual accounts for the financial year 2023

The Chair refers to the annual accounts for the financial year 2023 as included on pages 168–344 of the 2023 annual report, as well as the explanation by Ms Van Melick relating to agenda item 2.

The Chair confirms that the annual accounts were drawn up by the Executive Board in English on 20 March 2024, and have been available on NN's website since 21 March 2024. The annual accounts are also available free of charge at NN Group's head office for inspection by the shareholders.

The annual accounts were audited by the external auditor, KPMG. KPMG has issued an unqualified auditor's report, which can be found on pages 345–361 of the 2023 annual report. The Supervisory Board advises shareholders to adopt the annual accounts.

Before introducing the external auditor, Mr Dick Korf from KPMG, the Chair notes that NN Group has released KPMG from its obligation to maintain confidentiality in order for Mr Korf to be free to comment on the audit performed, and on the auditor's report, for the purposes of this meeting. The external auditor has an obligation to rectify – herstelplicht in Dutch – meaning that in case of statements in relation to the annual accounts or the auditor's report that might give a materially inaccurate view of the affairs of the Company, Mr Korf may request that corrections be made either during this meeting or prior to the adoption of the minutes of this meeting.

The Chair then hands the floor to Mr Korf. This speech has been recorded here in its original form, with the audio version prevailing.

Mr Korf, KPMG: 'Thank you. The most important message was already relayed by David, and that is that we have issued an unqualified audit opinion on the annual accounts which are up for adoption at this meeting. I am happy to give you a brief presentation about our audit to provide you with some background information and some further insights into some salient features and topics.

'But before doing so, I would like to give a bit more flavour of what we did next to the audit of the annual accounts, as we also did work on the non-financial information as included in the annual report on which we issued an unqualified limited assurance report. Next to that we issued an unqualified limited assurance report on the Total Tax Contribution Report. That is a separate report issued by NN Group. Besides these two assurance reports, we issued our review opinion on the interim accounts 2023, which was also an unqualified report.

'But just to start, let me say that 2023 and the 2023 financial reporting year was unique and remarkable for NN Group and for all IFRS reporters in the industry. As this was the first year that the annual accounts were prepared under a completely new set of accounting standards, as was already mentioned by Annemiek, IFRS 17 and IFRS 9; the accounting standards for insurance contracts and for financial instruments. The change to IFRS 17 was especially drastic, because it led to a complete overhaul of the annual accounts using new valuation principles for insurance contracts and a new concept of revenue and revenue recognition for the income statement.

'Insurance liabilities are now measured at current values based on current assumptions about the future cash flows rather than locked-in assumptions that were used in the past. Obviously, you may appreciate that such a change also had significant impact on our audit.

'Each year, we kick off our audit with our planning and risk assessment and drafting our audit plan. In our audit plan, we document our approach to the audit, the materiality that we apply, the outcome of our risk assessment and the scoping of our group audit. In this year's audit plan, we articulated for the first time our approach to the audit of IFRS 17 and IFRS 9. We discussed and agreed our audit plan with the Audit Committee last year in the meeting on 31 May 2023.

'The materiality that we applied was EUR 200 million, which is close to 1% of Shareholders' Equity. We allocated this materiality to all components, i.e. all reporting entities and insurance companies that form part of NN Group. All audit misstatements, which remained unadjusted in excess of EUR 10 million, were reported to and discussed and approved by the Audit Committee.

'Our risk assessment also takes place in this phase of the audit – the so-called planning phase of the audit. We do such risk assessment to assess the risk of material misstatements in the annual accounts and how to mitigate those risks through our audit. Typical areas that we assess at this stage of our audit, and which are also explained in the audit opinion that you can find in the annual accounts, are the going-concern assumption, the risk of non-compliance with laws and regulations, fraud risks and the risks of climate change. I would like to spend a few more words on how we dealt with fraud risks in relation to our audit and how we dealt with the risk of climate change on the annual accounts.

‘With respect to fraud risks, we identified for the first time this year a risk of fraud related to revenue recognition. This was a presumed risk for many years that we rebutted though, as we qualified such risk as remote under the previous GAAP, the previous way of reporting revenue, because insurance revenue in the past consisted of premium income only. But now, with IFRS 17, there is a completely new definition of insurance revenue. Insurance revenue is to a large extent determined by the measurement of insurance liabilities from period to period. The measurement of these liabilities is based on current values using current assumptions and discount rates – i.e. not based on frozen assumptions, but current assumptions. The assumption setting in itself is by nature prone to fraud, because it requires significant analysis and significant judgment by management. Generally speaking assumption setting inherently includes the risk of fraud that management may influence assumptions to manage the outcome of calculations and measurements. For example as management may feel the pressure to achieve certain key performance targets communicated internally or externally. We therefore identified a risk of fraud to the assumption setting for a number critical assumptions applied by management for the valuation of a number of categories of insurance liabilities. To address this risk of fraud we performed additional and specific audit procedures on the assumption setting for which we involved actuarial specialists to help us challenge and execute these procedures. Our audit procedures, specifically tailored to the risk of fraud, did not identify any suspicions of fraud that are considered material to our audit. In our key audit matters, which is the most relevant or hopefully most insightful part of our audit opinion, you will find more information on this.

‘The other elements that I wanted to address in more detail relate to the potential impact of climate change on the annual accounts. It was already discussed previously in this meeting, climate change is a significant risk to the Group and it is an evolving risk. The impact on the annual accounts could, for example, relate to the impact on the valuation of assets, the valuation of liabilities, but also the need to recognise provisions due to enhanced commitments to climate change or from climate-related litigation. We concluded, though, that the risks related to climate change on the annual accounts had no material impact on the annual accounts. We also read the disclosure of climate change-related information in the annual report, including the EU taxonomy disclosures, and considered material consistency with the annual accounts.

‘To be able to take full responsibility for our audit of the annual accounts, we instruct component auditors, who are all KPMG auditors who are active in each and every location where NN has activities. We instruct those auditors to perform audit procedures at our direction. We asked them to perform the audit in accordance with our Audit Plan against the materiality that we allocated to each component separately. In doing so, we obtained a solid coverage of 90% of shareholders’ equity and 97% of total assets through our audit.

‘For more complex areas – and there are some complex areas in an insurance company – we involved KPMG specialists in our team: for example, related to IT, forensics, ESG and climate risk reporting, actuaries – a very important specialism for our audit – and valuation specialists. You may appreciate that we have been busy more or less the whole year around, also given our involvement with quarterly reporting and IFRS 17 and 9 parallel runs that the Group performed last year.

‘An important part of our audit is our interaction with those charged with governance and management – i.e. the Management Board and Supervisory Board. We meet at least every quarter with the Management Board and with the Audit Committee and the Risk Committee of the Supervisory Board. We meet with the Supervisory Board at least annually and usually biannually. In those meetings, we discuss our audit plan, our independence, our audit findings, control observations and our reporting on quarterly review procedures and our year-end audit. I had one-on-one sessions each quarter with the CEO and CFO, the Chair of the Supervisory Board and the Chairs of the Risk Committee and the Audit Committee to discuss evolving topics. In all those meetings I experienced strong engagement, a control-focused culture and good responsiveness to the topics that we bring up.

‘One of the topics that we discussed this year relates to answer sharing for exams of mandatory training for which KPMG The Netherlands, the firm that I belong to, was sanctioned and fined by our regulator last month. Answer sharing is obviously a serious misconduct and unacceptable. Our firm is performing a root-cause analysis and remedial actions are being taken. The individuals involved have been fined and some of them had to leave the firm. We have discussed this matter with the Management Board and with the Audit Committee, also in relation to our audit of NN Group. As part of that, I confirmed – and I now can also publicly confirm to you – that I have had no involvement with answer sharing whatsoever. The same goes for my colleague Joost Vos, who is sitting there [pointing to the second row in the room], the engagement partner with whom I have done the audit and led the audit in the past year. The same goes for him; he has had no involvement with answer sharing.

'That takes me to the last topic of my presentation, which are the key audit matters: I believe the most important topic, because those are the matters that we believed were of most significance to our audit and that we reported to the Management Board and the Audit Committee. The key audit matters are covered in full in the audit opinion. This year we have four key audit matters. Let me take you through them quickly.

'The first key audit matter relates to the initial application of IFRS 17, the accounting standards for insurance contracts. Typically, for the initial application we performed procedures to assess the accounting policy choices that NN has taken, the approach to the first-time adoption, the applied transition approaches – which is an important assessment upon initial application – and the fair value of insurance liabilities: was the right discount curve applied, and was the approach taken appropriate.

'The other related key audit matter with respect to insurance contracts relates to the valuation of insurance contracts under the general measurement model with specific emphasis on the current valuation of the insurance contracts as mentioned, where we also identified a fraud risk. We focused very much on whether the applied discount rate is appropriate, whether the risk adjustment calculation is sufficient, and sufficiently supported, and whether the most critical assumptions applied for the measurement of those liabilities are supportable.

'On unit linked, we also included – and hopefully for the last time – a key audit matter, and that is because of the settlement, which took place with the interested parties in early January this year, which led to the recognition of a provision in 2023, as was mentioned earlier in this meeting.

'Last but not least, we spent significant time on the valuation of illiquid investments, so the investments where market quotations – i.e. rates from the stock exchange – are not available and where NN needs to apply its own modelling and its own assessment with the support of external appraisal, when needed, to determine the fair value of those investments. That relates to private equity, private debt, real estate and mortgage loans. Similar to last year, we assessed these valuations and concluded that the valuation is appropriate.

'This brings me to the end of my presentation. Thank you for your attention and I give it back to you, David.'

The Chair thanks Mr Korf for his presentation and opens the floor for questions.

Mr [Shareholder], thanks Mr Korf for his transparency regarding the exam cheating. He asks whether the Chair of the Audit Committee, Mr Rob Lelieveld, is present in order to ask him a follow-up question.

The Chair confirms that Mr Lelieveld is present.

Mr [shareholder] asks whether NN has insisted on any improvement measures at KPMG to make sure that this does not happen again. He also requests to check whether the new lead partner, who will succeed Mr Korf, has also not been involved in the scandal.

The Chair addresses the second part of the question because, after today's meeting, Mr Korf will be stepping down from the NN audit and will be replaced by Mr Vos. Mr Korf confirmed that Mr Vos has had no involvement in the answer sharing at KPMG. The Chair then asks Mr Lelieveld to respond regarding the developments around KPMG.

Mr Lelieveld thanks the shareholder for his question, noting that before KPMG published the outcome of the investigation, KPMG proactively reached out to NN for a meeting with KPMG's leadership. Most importantly, the partners who are responsible for NN at group level are not involved in this process. There will be a root-cause analysis and it is very important that this takes place. NN is fully informed and will continue to discuss the situation with Mr Vos and the team.

Mr [shareholder] thanks Mr Lelieveld for clearing up the issue.

Mr Spanjer, a retail investor, asks Mr Korf who the OKB [Opdracht Gerichte kwaliteitsbeoordeling or quality review partner] is and how this relates to problems in Japan.

Mr Korf confirms that the OKB is an individual who usually works in the background, and is not participating in any discussions with the client. Rather, Mr Korf explains that he reviews the work of the people who report to him, and the OKB reviews the same and Mr Korf's work as well. This individual challenged KPMG not only on Japan but on other audit topics ,the audit approach and the audit evidence and audit findings. These are all subject to review, and any comments and observations are addressed to Mr Korf and his team to resolve.

Mr Spanjer goes on to ask whether NN is on track for CSRD.

Mr Korf confirms that NN has commenced with the CSRD implementation which is an ongoing project to ensure on-time, compliant reporting.

Mr Spanjer asks whether there is sufficient information being gathered to be able to publish according to this regulation next year.

Mr Korf confirms that NN is currently executing on their planning and making sure that the reporting will be available on time. He cites various examples, such as the double materiality assessment, an excerpt of which was included in the 2023 annual report. NN's project approach is similar to the IFRS 17 conversion, where dry runs were involved and walk-along audits performed along the project to follow all the steps being taken closely. From a reporting and audit perspective, it is a unique exercise because there will be reporting on quite some new topics on which organisations have never reported in the past.

Mr Spanjer continues to request more information about the OKB, saying that shareholders are entitled to know who this person is.

Mr Korf informs shareholders that the individual in question is called Mr Marc Thunnissen, and reiterates that he works behind the scenes to ensure the quality of the review process.

The Chair also responds to Mr Spanjer's question regarding NN's preparations for reporting under CSRD and the other upcoming regulations. These regulatory requirements are significant, and 2025 will be the first time that NN reports against them over 2024. The Chair notes the significant organisational discussions, preparation and dialogues taking place between relevant departments within NN Group and the Audit Committee on a quarterly basis. While there is still work to be done, the expectation is that NN will be compliant with the reporting requirements from the start.

Mr Spanjer thanks Mr Korf and the Chair for their transparency.

Mr Keyner asks whether, given that KPMG's audit team consists of more than just two people, can Mr Korf guarantee that none of the team members have been caught cheating in exams.

Mr Korf says that he cannot guarantee this, and expresses his disappointment here. The reason is that GDPR legislation prevents the firm from sharing personal information i.e. which individuals violated the rules and which did not. He states that it is not unlikely that there have been individuals in his large team of around 400 people who have been involved with exam cheating. But he has not been informed about this because the GDPR prohibits it. Mr Korf mentioned that he takes comfort from the fact that there are review procedures in place in performing an audit. Every workpaper that is prepared is reviewed by someone else, including the involvement of the OKB, the EQCR, which stands for Engagement Quality Control Review partner. Mr Korf also states that he enquired with KPMG's risk department about whether there were any concerns about audit quality for the audit of NN Group relating to non-compliance with training requirements that he needed to be aware of as lead partner of NN Group. The answer was that there were no such concerns.

Mr Keyner expresses his surprise that privacy prevents Mr Korf from being informed about a team member cheating, or even stealing, and that there is a limit to what privacy is intended to address. He notes that losing one's job is a rational punishment for cheating, and that therefore if a team member were to suddenly disappear, Mr Korf could reasonably assume that they had been caught cheating. Mr Keyner says that Mr Korf and his team members are paid very well to check whether fraud is happening at the companies they audit. He agrees that people who are caught cheating should lose their jobs, because both integrity and quality are at stake. He is therefore very surprised that privacy is the reason for Mr Korf not being aware of whether anyone in his team has cheated in exams.

Mr Korf reiterates that he has not been given the names of the individuals in question, and that there are other procedures and notifications in place such as enquiry with the Head of Risk . From his perspective, it is most important to know whether there is anything he needs to be aware of when relying on individuals that would impair the audit quality for which the answer was no.

Mr Keyner expresses his understanding of the difficult situation Mr Korf is in, trying to defend his colleagues while he has not been cheating himself. He then asks whether NN has considered asking for a discount of 20%, given that many hours have been billed by people whose competency and integrity is not up the scratch. He notes that if the quality of the end product is in doubt, a discount is not inappropriate.

The Chair thanks Mr Keyner for his question, and notes that he understands his request and frustration. The Chair assures him there have been strong discussions with KPMG, both the leaders who are conducting NN's audit as well as the leaders of KPMG in the Netherlands directly. He shares the frustrations about not being able to know exactly who was involved, who may also have been involved in NN's audit. And at the same time, he says he respects the laws of this country, which limit the ability to get that information. He says that NN has gone through a very regular, annual assessment of the quality of the audit, having several discussions with Mr Korf and his team regarding this issue. The Chair says he has no reason to believe that the quality of the NN audit has been impaired directly by the situation regarding the sharing of answers at KPMG. And so NN has not requested a 20% discount, although every year the audit plan, the quality of the audit and the cost of the audit are discussed with the auditor.

Mr Keyner says he appreciates the difficulty of the position Mr Korf is in, but notes that KPMG charges a lot of money to NN and that shareholders may expect a certain level of trust and quality. There are lots of reasons to have suspicions, despite the Chair's comforting words.

Mr Korf says he understands Mr Keyner's frustration, and would have rather been in a different position himself.

The next question comes from Mr Robbert Manders, representing Antaurus Capital Management, regarding key audit matter number 4: the valuation of illiquid investments. The annual report mentions that there are valuation uncertainties- for real estate due to a low number of transactions. He asks Mr Korf to specify where these valuation uncertainties are exactly. Secondly, he notes that NN Group has taken a 10% cut on the value of its directly owned investments. Some other competitors that were also audited by KPMG seem to have taken somewhat less, or had a haircut on their valuations. He asks for elaboration on the dynamic discussions between KPMG and NN on the valuation of the real estate.

Mr Korf notes the correctness of the observation and explains further. Management has included in the annual accounts that there is a valuation uncertainty which is higher than usual, with respect to the valuation of real estate investments, because of the lack of market liquidity. Real estate is illiquid by nature, so market transactions are used to determine the valuation. Parameters are derived from actual market transactions, which form the input for the valuation. If there are no transactions, then it is possible to base a valuation on data from transactions that have not taken place for a longer period or even in the past year. When there is no market activity or limited market activity, there is an increased valuation uncertainty. KPMG concurs with NN that it is an important disclosure because the real estate market has been adverse and liquidity is not at the usual levels.

Mr Korf continues to answer the second part of the question: for the valuation of real estate, NN makes use of external real estate specialists – taxateurs – who determine the value based on what they observe as the most relevant parameters and the most relevant valuation based on these parameters. KPMG takes those valuation reports on any significant exposure and assesses the appropriateness of that. KPMG's valuation experts have a specific emphasis on whether the right attributes are being taken into account, whether the evaluation is done sufficiently thorough and whether the critical parameters and other valuation attributes are well supported, recognised and understood. The outcome of the procedures performed was that the valuation was appropriate. However, there is more than ordinary valuation uncertainty, as explained, because of the lack of market transactions. When the KPMG specialists conclude that management's valuations including the critical valuation parameters fall within the acceptable range, then as auditor he can agree with the valuations that NN has made.

The Chair thanks Mr Korf and acknowledges that this meeting marks his last year of involvement with NN Group's audit as he is retiring from KPMG later this summer. The Chair expresses his appreciation for the excellent cooperation, hard work and challenging discussions throughout the course of his involvement. He wishes Mr Korf all the best for the future.

Mr Korf thanks the Chair for his kind words and the trust given. He says that he will be handing over the reigns to Mr Vos, who is a safe pair of hands having been working on NN's audit for the past three years.

The Chair closes agenda item 5.A. and moves to agenda items 5.B. and 5.C., which will be combined for the purposes of explanation.

5.B. Explanation of the dividend policy

5.C. Proposal to pay out dividend

The Chair explains that agenda item 5.B. is the explanation of the dividend policy, which is a discussion item, while item 5.C. is a proposal to pay out dividend, which is a voting item. The Chair refers to the Company's dividend policy, as published on NN's website, and adds further explanation.

According to NN Group's dividend policy, NN Group intends to pay a progressive ordinary dividend per share. Under normal circumstances, NN Group intends to declare an interim dividend, which will be calculated at approximately 40% of the prior year's full-year dividend with the disclosure of its first half-year results, and to propose a final dividend at the annual general meeting of shareholders.

As announced on 29 February 2024, as of the payment of the 2024 interim dividend, NN Group in principle intends to pay dividends in cash only after deduction of withholding tax, if applicable. NN Group also intends to execute a recurring annual share buyback, the amount to be determined at its discretion. On 29 February 2024, NN Group announced a structural increase of its annual share buyback programme from an amount of EUR 250 million to an amount of EUR 300 million. That programme commenced on 2 April 2024. NN's policy is that excess capital is to be returned to shareholders unless it can be used for value-creating opportunities – i.e. investing in the sustainable value of the Company.

When proposing a dividend or announcing a share buyback, NN Group will take into account its capital position, leverage, liquidity position, regulatory requirements and strategic considerations, as well as the expected developments on these matters.

The Chair then moves to agenda item 5.C. before giving shareholders the opportunity for questions or comments about the dividend policy. The Chair refers to the proposal to pay out dividend, which is a voting item, as mentioned by Ms Van Melick in her presentation and as included in the convocation letter on page 4.

He summarises the proposal to pay out a final dividend of EUR 2.08 per ordinary share. Together with the interim dividend of EUR 1.12 per ordinary share that was paid in September 2023, this will result in a total dividend over 2023 of EUR 3.20 per ordinary share. The final dividend will be paid either fully in cash after the deduction of withholding tax, if applicable, or fully in ordinary shares at the election of the shareholder. The key dates for the proposed dividend are published on NN's website.

The Chair establishes that no questions have been raised by shareholders with regard to these agenda items. He therefore closes agenda items 5.B. and 5.C. and moves to agenda item 6.

Agenda item 6
Release from liability

6.A. Proposal to release the members of the Executive Board from liability for their respective duties performed during the financial year 2023

6.B. Proposal to release the members of the Supervisory Board from liability for their respective duties performed during the financial year 2023

The Chair explains that agenda items 6.A. and 6.B. will also be combined.

Item 6.A. is a proposal to release the members of the Executive Board from liability for their respective duties performed during the financial year 2023.

Item 6.B. is a proposal to release the members of the Supervisory Board from liability for their respective duties performed during the financial year 2023.

The Chair reminds the shareholders that these are separate voting items, and refers to page 4 of the convocation letter for further explanation.

The Chair establishes that no questions have been raised by shareholders with regard to these agenda items. He therefore closes agenda items 6.A. and 6.B. and moves to agenda item 7.

Agenda item 7
Profile of the Supervisory Board

The Chair explains that agenda item 7, the profile of the Supervisory Board, is a discussion item, as included in the convocation letter on page 5, as well as the intended profile, including amendments and explanation of those amendments.

The Supervisory Board intends to amend its profile and has discussed the intended profile and amendments with the Central Works Council of the Company. The Chair therefore gives an explanation of the intended amendments to shareholders for discussion purposes, prior to the adoption of the amended profile. As of 2 June 2023, the Remuneration Committee and the Nomination and Governance Committee were combined into the Nomination, Remuneration and Governance Committee. This will also be reflected in the Supervisory Board profile. The intended profile also includes amendments related to the updated Dutch Corporate Governance Code and relevant provisions of the Corporate Sustainability Reporting Directive, in preparation for those requirements. The other intended amendments reflect current practice as well as some textual updates.

The Chair establishes that no questions have been raised by shareholders with regard to this agenda item. He therefore closes agenda item 7 and moves to agenda item 8.

Agenda item 8
Composition of the Supervisory Board

8.A. Proposal to reappoint Robert Jenkins as member of the Supervisory Board

The Chair raises the proposal to reappoint Mr Robert Jenkins as member of the Supervisory Board, which is a voting item, as included in the convocation letter on page 5.

The Chair explains that in accordance with the rotation schedule of the Supervisory Board, Mr Jenkins' term of appointment ends at the close of this AGM, resulting in a vacancy on the Supervisory Board. As announced on 21 March 2024, the Supervisory Board has nominated Mr Jenkins for reappointment as a member of the Supervisory Board. The proposed reappointment is for a term of two years, in line with Dutch Corporate Governance Code. If adopted, his reappointment shall become effective as from the close of this AGM and ends at the close of the AGM in 2026. If reappointed, the Supervisory Board intends to also reappoint Mr Jenkins as a member of the Risk Committee and the Audit Committee of the Supervisory Board. A short biography has been included in the convocation letter on page 5.

Mr Jenkins has been nominated for reappointment because of his extensive knowledge in the field of financial policymaking and asset management, his broad experience as a board member in executive and non-executive positions in the financial services sector, and the professional manner in which he fulfils his membership of the Supervisory Board. His appointment also serves to support the continuity in composition of the Supervisory Board.

The intended reappointment of Mr Jenkins is in accordance with the current profile of the Supervisory Board and the intended profile as discussed under agenda item 7. The Central Works Council of the Company has informed the Supervisory Board that it supports the reappointment of Mr Jenkins. More information can be found in the convocation letter on page 5. The nomination of Mr Jenkins is subject to the condition that the General Meeting will not recommend any other person for nomination. The Chair confirms that no such recommendations have been received in advance of the AGM and establishes that the General Meeting does not put forward the wish to recommend any other persons.

The Chair reminds the shareholders present that this proposal will be put to a vote, and opens the floor for questions.

Mr Keyner notes the corporate governance rules in the Netherlands relating to extending Supervisory Board members' terms beyond eight years. While it is possible to extend a term by another two years (maybe even twice), this should only be done in exceptional circumstances. Given that the Supervisory Board has already had two or three years to look for Mr Jenkins' replacement, Mr Keyner asks what kind of exceptional circumstance made the Board decide to propose to extend his appointment for another two years.

Ms Van Der Meer Mohr answers the question as Chair of the NRG Committee, stating that an extensive search was started some years ago for a number of new colleagues on the Supervisory Board, ensuring sufficient diversity. She mentions their success in finding Mr Koos Timmermans, whose appointment is the next item on the agenda. However, they have not yet been successful in finding a replacement for Mr Jenkins – hence they would rather buy some time to find the right calibre of candidates with the right level of diversity.

The Chair adds that this is something the Supervisory Board takes very seriously, and that they have only twice requested to extend the term of a member since the Company's IPO in 2014. One was Mr Schoen, specifically in relation to the implementation of IFRS 17 and the change in CFO that was anticipated as part of the succession planning. Regarding Mr Jenkins, the Chair notes that NN sold its asset management business not long ago and is still fully committed to ensuring that the sale has not only been executed from a legal point of view but also that NN meets all of the objectives of that transaction. Mr Jenkins has a very extensive background in asset management, and is extremely familiar with the process and the reasons behind the decision. This is an exceptional circumstance. The requested reappointment is limited to two years, and it is expected that at the end of that period, the Supervisory Board would not seek reappointment. The Chair reiterates that this is indeed exceptional, and that Mr Jenkins contributes in a very important and specific way.

Mr Keyner expresses concern that NN might not be considered an interesting firm at which to be a Supervisory Board member, or that the financial conditions are not interesting enough to attract the appropriate level of candidate.

The Chair assures Mr Keyner that NN's Supervisory Board is considered interesting by potential candidates. But there are high standards to uphold, not only in terms of the individual but also in terms of the composition of the Supervisory Board as a whole.

The Chair reminds shareholders that this agenda item is a voting item. He closes agenda item 8.A. and moves to agenda item 8.B.

Agenda item 8
8.B. Proposal to appoint Koos Timmermans as member of the Supervisory Board

The Chair raises the proposal to appoint Mr Koos Timmermans as member of the Supervisory Board, which is a voting item, as included in the convocation letter on page 5.

The Chair welcomes Mr Timmermans. As announced on 29 February 2024 and following a vacancy that needs to be filled, the Supervisory Board has nominated Mr Timmermans for appointment as a member of the Supervisory Board from the close of this AGM for a term of four years. If adopted, Mr Timmermans' appointment shall end at the close of the AGM in 2028. If appointed, it is intended that Mr Timmermans will also become a member of the Supervisory Board's Audit Committee and Risk Committee. A short biography of Mr Timmermans is included in the convocation letter on page 5.

Mr Timmermans has been nominated for appointment because of his extensive experience in the financial sector, his broad experience as a board member in both executive and non-executive positions, his strong background in risk management and finance, as well as his knowledge of sustainability, international relations and regulatory affairs. The intended appointment of Mr Timmermans is in accordance with the current profile of the Supervisory Board and the intended profile as discussed under agenda item 7. The proposed appointment of Mr Timmermans has been approved by the Dutch Central Bank. The Central Works Council of the Company has informed the Supervisory Board that it supports the appointment of Mr Timmermans. More information regarding this nomination can be found in the convocation letter on page 5. The nomination of Mr Timmermans is subject to the condition that the General Meeting will not recommend any other person for nomination. The Chair confirms that no such recommendations have been received in advance of the AGM and establishes that the General Meeting does not put forward the wish to recommend any other persons. The Chair then asks Mr Timmermans to give a brief introduction.

Mr Timmermans briefly introduces himself, his career path and his experience, including his affinity with NN. He hopes to bring that experience to bear for NN, to bring his enthusiasm, and to help the Company navigate the uncertainty of the future.

The Chair establishes that no questions have been raised by shareholders with regard to this agenda item. He therefore closes agenda item 8.B. and moves to agenda item 9.

Agenda item 9
Remuneration

9.A. Proposal to adopt the remuneration policy for the members of the Executive Board

9.B. Proposal to adopt the remuneration policy and remuneration for the members of the Supervisory Board

The Chair explains that agenda items 9.A. and 9.B. will also be combined.

Item 9.A. is a proposal to adopt the remuneration policy for the members of the Executive Board.

Item 9.B. is a proposal to adopt the remuneration policy and remuneration for the members of the Supervisory Board.

The Chair reminds shareholders that these are separate voting items, and refers to page 6 of the convocation letter for further explanation.

The proposed remuneration policies for the members of the Executive Board and the Supervisory Board and the clarifying notes thereto have also been included, and the Central Works Council of the NN Group has issued a positive advice.

The Chair then asks Ms Van Der Meer Mohr to give further context to both proposals.

Ms Van Der Meer Mohr, as Chair of the NRG Committee, explains that the Executive Board remuneration policy and the Supervisory Board remuneration policy need to be submitted to the General Meeting of NN Group for adoption every four years, based on Dutch law. Both policies therefore had to be submitted to the General Meeting for adoption this year again, and therefore a thorough review process took place over the past months. Clarifying notes have been created for both remuneration policies, which form an integral part of these policies. These clarifying notes provide further explanation on the background of the review, on the stakeholder engagement process that took place, and on the main amendments to each of the remuneration policies. During the review process, Ms Van Der Meer Mohr met with numerous stakeholders who provided valuable feedback on the remuneration policies for the members of the Executive Board and the Supervisory Board. The stakeholders included shareholders, shareholder representative bodies, proxy advisers, employees, including trainees and young professionals, the Central Works Council, a regulator and the general public, including customers. She expresses her appreciation to all stakeholders, including those in the room, for taking their valuable time to provide their views and recommendations.

The Supervisory Board has taken a thoughtful approach to incorporating all that feedback when striving to achieve a balance that serves the best interests of NN Group and its stakeholders, taking into account the international character of the Company and its role in society. It was encouraging to learn from investors during the stakeholder consultation sessions that they believe that NN's remuneration principles were well aligned with the Group's culture and practices. While reviewing the policies, the Supervisory Board also took into account the changes in the Dutch Corporate Governance Code and current market practices.

She then moves on to the proposed amendments to the remuneration policy, both for the members of the Executive Board and the Supervisory Board, following the review process. Overall, the remuneration policy for the members of the Executive Board is operating as intended. The majority of proposed amendments consist of efforts to improve transparency and to further align with NN Group's practices and market practice. The proposed remuneration policy therefore puts more focus on sustainable long-term value creation, and ensures further alignment between the remuneration of the members of the Executive Board and the long-term interests of all stakeholders. The link between the Company strategy, including sustainability aspects and its role in society on the one hand, and remuneration on the other hand, is further clarified. In addition, the proposed policy provides a more detailed description of the derogation clause.

Regarding the review of the remuneration policy for the members of the Supervisory Board, some practical updates to the policy are proposed. For example, changing the benchmark analysis frequency to at least every two years to be in line with NN's internal practices and for transparency purposes. In the review, the changes to the Dutch Corporate Governance Code, feedback received on the internal and external stakeholders, and the external market practices were also taken into account.

Ms Van Der Meer Mohr then provides further context and background in relation to the proposed amendment to increase the current fixed fee levels. The proposed policy still aims for the level of the fixed annual fee for the Chair, Vice-Chair and members of the Supervisory Board and its committees to be below the median market level for comparable positions in relevant markets. The results of benchmark analysis by an independent external provider performed at the beginning of 2024 showed that the fixed fee levels were still far below the median market level even after the last amendment by the General Meeting in 2023. During the stakeholder dialogues, concerns about these fee levels were expressed, also taking into account the increased tasks and responsibilities for the Supervisory Board and the reduction in the number of committees. Stakeholders also expressed the preference for gradual increases rather than a relatively high increase every four years. The proposed increase was therefore deemed necessary and appropriate to prevent too large a gap. After the proposed increase, the fees still remain below the median market level.

In line with the regulatory requirements, the Central Works Council has been requested to give advice on the proposed remuneration policies for the members of the Executive Board and the Supervisory Board. Ms Van Der Meer Mohr expresses her appreciation that the members of the Central Works Council involved in the process took the time to engage in understanding these policies. The Central Works Council has issued a positive advice for both proposed policies.

Ms Van Der Meer Mohr thanks the shareholders present for the opportunity to explain the context and background to the proposed remuneration policies, and hands the floor back to the Chair.

The Chair establishes that no questions have been raised by shareholders with regard to this agenda item. He therefore closes agenda item 9 and moves to agenda item 10.

Agenda item 10

Proposal to designate the Executive Board as the competent body to resolve on the issuance of ordinary shares and to resolve on the granting of rights to subscribe for ordinary shares in the context of issuing Contingent Convertible Securities

The Chair explains that agenda item 10 is the proposal to designate the Executive Board as the competent body to resolve on the issuance of ordinary shares and to resolve on the granting of rights to subscribe for ordinary shares in the context of issuing contingent convertible securities (CCS). The Chair reminds shareholders that this is a voting item, and refers to the proposals as included in the convocation letter on pages 6 and 7, as well as the appendix to the convocation letter on page 9.

The designation proposed under this agenda item is identical to the designation adopted by the General Meeting on 29 May 2019, which will expire on 28 May 2024 unless renewed. The Executive Board and the Supervisory Board believe it is desirable to renew this designation to enable the Company to issue CCS without first having to convene a general meeting.

The Chair establishes that no questions have been raised by shareholders with regard to this agenda item. He therefore closes agenda item 10 and moves to agenda items 11.A.(i), 11.A.(ii), 11.B., 12 and 13, which have been combined for the purposes of explanation.

Agenda item 11
Authority to issue shares and to grant rights to subscribe for shares

11.A. (i) Proposal to designate the Executive Board as the competent body to resolve to issue ordinary shares and to grant rights to subscribe for ordinary shares
(ii) Proposal to designate the Executive Board as the competent body to resolve to limit or exclude pre-emptive rights of existing shareholders when issuing ordinary shares and granting rights to subscribe for ordinary shares pursuant to agenda item 11.A.(i)

11.B. Proposal to designate the Executive Board as the competent body to resolve to issue ordinary shares and to grant rights to subscribe for ordinary shares by way of a rights issue

Agenda item 12
Proposal to authorise the Executive Board to acquire ordinary shares in the Company's share capital

Agenda item 13
Proposal to reduce the issued share capital by cancellation of ordinary shares held by the Company

The Chair sets out the five agenda items in turn and reminds shareholders that each of these agenda items is a separate voting item.

Item 11.A.(i) is the proposal to designate the Executive Board as the competent body to resolve to issue ordinary shares and to grant rights to subscribe for ordinary shares.

Item 11.A.(ii) is the proposal to designate the Executive Board as the competent body to resolve to limit or exclude pre-emptive rights of existing shareholders when issuing ordinary shares and granting rights to subscribe for ordinary shares pursuant to agenda item 11.A.(i).

Item 11.B is the proposal to designate the Executive Board as the competent body to resolve to issue ordinary shares and to grant rights to subscribe for ordinary shares by way of a rights issue.

Item 12 is the proposal to authorise the Executive Board to acquire ordinary shares in the Company's share capital.

Item 13 is the proposal to reduce the issued share capital by cancellation of ordinary shares held by the Company.

The Chair refers to the explanation of all these agenda items, as included in the convocation letter on pages 7 and 8. These items have also been submitted to shareholders in previous years.

The Chair establishes that no questions have been raised by shareholders with regard to agenda items 11–13.

The Chair notes that item 13 was the last voting item on the agenda, and that the voting will therefore be closed in a few moments.

After having closed the voting, the Chair announces that the voting results will be shared at the end of the meeting, after agenda item 14. The Chair thanks all shareholders for their voting and moves to agenda item 14.

Agenda item 14
Any other business and closing

The Chair asks the shareholders if there are any further questions or comments. Having established that there are none, he moves on to the voting results.

The Chair establishes that all proposals have been adopted, and expresses his appreciation for the votes and support of the shareholders. He also congratulates Mr Jenkins and Mr Timmermans, saying that he looks forward to their constructive, robust and challenging contributions going forward.

Before closing the meeting, the Chair acknowledges Mr Hans Schoen, for whom this AGM marks the end of his last term as a member of the Supervisory Board of NN Group. He joined the Supervisory Board after NN's IPO in 2014, and over the years he has been Chair of the Audit Committee and member of the Risk Committee and the Remuneration Committee. His experience, his way of bringing issues to the table, his ability to constructively challenge his colleagues to think about alternatives and reach better decisions, is something that everyone has appreciated – including employees across the Group, management at various levels (including subsidiaries), and his colleagues on the Supervisory Board. The Chair notes Mr Schoen's keen ability to read every page and pose his findings and questions in a way that supports excellent discussion. The Chair thanks Mr Schoen publicly for his contributions.

The Chair then announces that as of the close of this meeting, Ms Van Der Meer Mohr will be considered appointed to the Supervisory Board pursuant to the enhanced recommendation right of the Central Works Council of NN Group.

The Chair announces that the draft minutes of this meeting will be published on the Company's website within three months, and that the final voting results will be posted on the website within a few days.

He thanks shareholders for their participation and engagement, noting that their input and feedback are invaluable in working together to build a stronger and more sustainable NN Group. On behalf of the Supervisory Board and the Management Board, the Chair again thanks shareholders for attending NN's AGM, whether in person or online, and says he looks forward to seeing them again next year.

The meeting is closed.

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